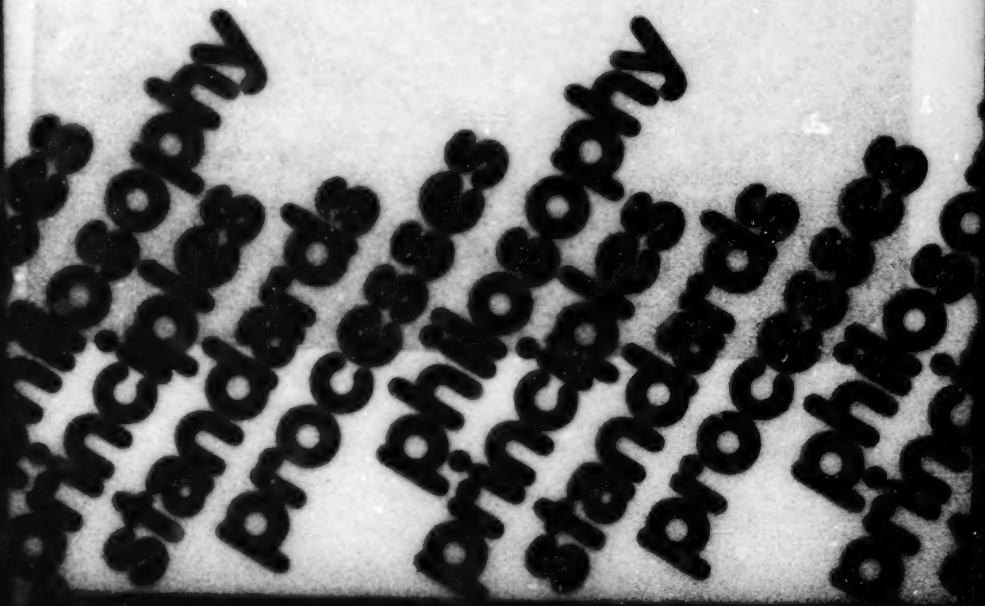
Management Board of Cabinet

OPS Management Series

Performance Management



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The Management Cycle

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Preface

In March 1990, Cabinet approved the establishment of the Management Standards Project within the Management Board Secretariat. The project's mandate, to lay the groundwork for further improving management in government, includes developing a publication series which contains standards for the quality of management processes.

The Ontario's Principles and Standards of Management series is organized within the framework of the Management Cycle (shown on the inside front cover) and its five sequential management functions. This booklet describes the ministry process of performance management, which forms part of the "Motivate and Direct" function. It contains standards that were developed by a working group of staff from ministries in consultation with all ministries and central agencies.

These "standards of excellence" are a set of criteria against which ministries can assess the quality of their performance management processes. They can be used as a guide for developing a process or for improving an existing one. Ministries use many different terms and techniques, such as: goal setting and review, performance development and review, or simply performance appraisal. Ministries and managers are encouraged to use a method that best meets their needs, in keeping with the guiding standards set out in this booklet.

Whatever methods of accountability for meeting standards are applied, managers should use them as a basic assessment of the quality of their management practices. The motivation for meeting the standards will continue to be a self-imposed striving for excellence.

The Management Standards Project gratefully acknowledges the contribution of all those involved in the development of these standards.

1. Introduction

The effective management of employees in the Ontario Public Service is a high priority for the 1980s. In the Government's statement of management philosophy, human resources and the management process are identified as key factors in achieving organizational effectiveness.

The management environment of the 1980s presents a major challenge to public service managers. Ministries will be expected to increase their organizational productivity and competence, attract and keep qualified staff in both management and non-management positions, adapt to changing socio-economic conditions while maintaining quality of service, and be good corporate employers. In order to meet these goals, ministries will call upon managers at all levels of the organization to improve their management of human resources.

This booklet discusses the effective management of individual employee performance (as opposed to "program performance"), and while both supervisor and employee has an essential role to play, it does not address the employee's responsibility for work performance. It focuses on the supervisory role of managers and sets out standards that will assist them to obtain the best possible performance from their staff. In the present context, the terms "employee" and "staff" refer to all members of the Ontario Public Service, whether they occupy management or non-management positions. The process of performance management incorporates the Government's performance appraisal policy, both reflecting the intent of that policy and extending its application toward the goal of optimum performance.

Along with human resources planning, described in a companion booklet in this series, the performance management process is a key to increasing and maintaining organizational effectiveness. It is designed for use by all managers throughout the public service.

2. The Process Summarized

Performance management is a continuous interactive process through which managers motivate and direct employees to achieve optimum performance in their jobs. It arises from two basic responsibilities accompanying every management position in the Ontario Public Service: first, managers are expected to require that staff work to the best of their ability; and second, managers are expected to provide the necessary direction and support to enable staff to attain optimum performance. The performance management process assists the manager to meet these responsibilities through four basic steps:

- setting performance criteria;
- monitoring performance;
- analyzing performance; and
- developing improvement measures.

Performance management is the application of a results orientation in planning and evaluating performance at the individual employee level.

Elements of the Process

Performance management focuses on the manager's role as supervisor. It includes specific activities such as assigning tasks and explaining work to be done, monitoring work in progress, evaluating performance, identifying reasons for unsatisfactory performance, and developing ways to improve performance. It also includes the development of a working environment that fosters optimum performance.

To create such an environment, managers must centre their attention on the individuals to whom work is assigned. Managers should make every effort to build an atmosphere of co-operation and trust between themselves and staff. Second, and equally important, they should take steps to provide a climate in which the employees will be self-motivated, not only to satisfy the set requirements of the position specifications, but to put forward the additional effort that results in optimum performance. With these objectives in mind, managers should, for example:

- encourage open discussion of tasks, approaches, and barriers to achievement;

- consistently recognize good or excellent performance, and do so in such a way that employees feel rewarded;
- inform employees when performance is less than satisfactory, and seek their participation in discovering the reasons;
- discuss with employees, in a constructive manner, ways in which they can improve their performance; and
- relate the organization's goal of optimum performance to the personal aspirations of individual employees.

Employee motivation is the most essential requirement of effective performance management. Optimum performance can be achieved only through the voluntary and enthusiastic commitment of employees. Other factors are important too — realistic goal setting, access to appropriate resources, individual knowledge and skills. But commitment is the crucial ingredient in raising performance to the optimum level.

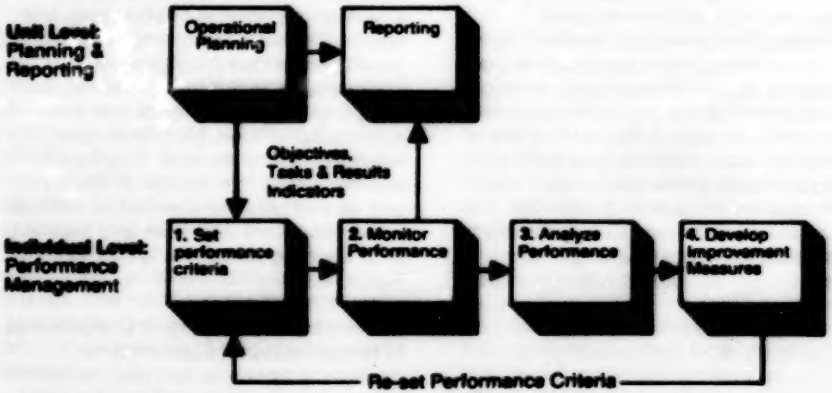
Links with Other Management Processes

While the purpose of the performance management process is the effective management of employee performance, it has linkages to other management processes.

Important links exist between performance management and operational planning and reporting processes. When tasks are assigned, performance criteria are set for employees based on the unit's operational or work plan. The criteria must be consistent with that plan and aimed at achieving plan objectives and results. The monitoring and evaluation of individual performance provide the information needed for monitoring and reporting progress in relation to the operational or work plan. Individual results achieved are often aggregated and translated into results for the work unit as a whole. The connection between performance management and planning and reporting processes is illustrated in Figure 1.

Performance management is also linked to human resources planning by generating appraisal and assessment information for both staff development and for human resources inventories. Employee appraisal (of performance in the present job) is an integral part of performance monitoring. Employee assessment (of potential for accepting increased responsibility and for advancement in the organization) also flows from the monitoring activity and, more broadly, from the working relationship between the manager and the employee.

Figure 1. **Relationship of Performance Management to Operational Planning and Reporting**



3. Management Commitment

Performance management is a process that is designed to improve the management of human resources. For it to be fully effective, managers at all levels must be firmly committed to applying it in day-to-day management.

The commitment of senior managers must be apparent to their own staff and to other managers throughout the ministry. Visible support of the performance management process at the senior level will go far toward strengthening its application by all managers. Senior management commitment should be affirmed in the following ways:

- Senior management should issue a statement endorsing the use of the performance management process which emphasizes the responsibility of all managers to motivate and direct employees toward optimum performance.
- Senior managers should demonstrate the reality of this commitment by applying the performance management process to their own supervisory responsibilities.
- Senior management should further acknowledge the importance of effective human resource management by providing the Director of Personnel with direct access to the Deputy Minister and the senior management committee, and by working with the director to link human resource factors to organizational goals.
- Senior managers should also take a flexible and innovative approach to performance management and allow other managers the same freedom in applying process standards to specific circumstances.

The commitment of senior management should be reflected at every other management level throughout the ministry. Managers should meet the following conditions in their management of employee performance:

- Managers should acknowledge and fulfill their responsibility for motivating and directing employees toward optimum performance.
- Managers should accept the full range of authority and action that flows from their responsibility for employee performance. They should clearly understand that this responsibility does not belong to the

ministry's personnel branch which serves as an advisory and support service.

- Managers should act in the knowledge that employee performance is affected by many factors in the work setting and outside the workplace, and that some of these factors may be beyond the individual's control.
- Managers should endeavour to be flexible and innovative in managing the performance of staff. Managers are required to comply with certain policies and procedures governing employee management (such as the Performance Appraisal policy), and must abide by the respective rights and obligations of managers and employees set out in applicable collective agreements and pertinent legislation (such as the Employment Standards Act, the Occupational Health and Safety Act, and the Public Service Act). Beyond such compliance, however, managers should adapt their management approach to the unique circumstances of individuals and situations.

If all of these conditions are met and the commitment of managers is affirmed, the climate exists for effective implementation of the performance management process.

4. Process Standards

As previously outlined, performance management is a continuous process consisting of four basic steps:

- setting performance criteria;
- monitoring performance;
- analyzing performance; and
- developing improvement measures.

The steps occur sequentially, and the last step leads back to the first, thus completing and recommencing the cycle (see Figure 2). They are not, however, isolated activities; rather, they overlap and at times are carried out concurrently.

The steps of the performance management process - particularly the first three - are closely related to the Government's performance appraisal policy, and they are consistent with that policy. Together they are aimed at the goal of enabling employees to achieve optimum performance. As well, the four steps provide a means of recognizing good and excellent performance and of raising poor performance to a satisfactory level. Each step gives managers the opportunity to motivate employees and direct their work toward performance improvement.

Step One:
Setting Performance Criteria

The first step in the performance management process is to set performance criteria with each employee. These criteria are developed in accordance with the job/task requirements of the organizational unit which are normally set out in the unit's operational or work plan. They also may be based on information from other sources, such as job specifications, occupational analyses, and project terms of reference.

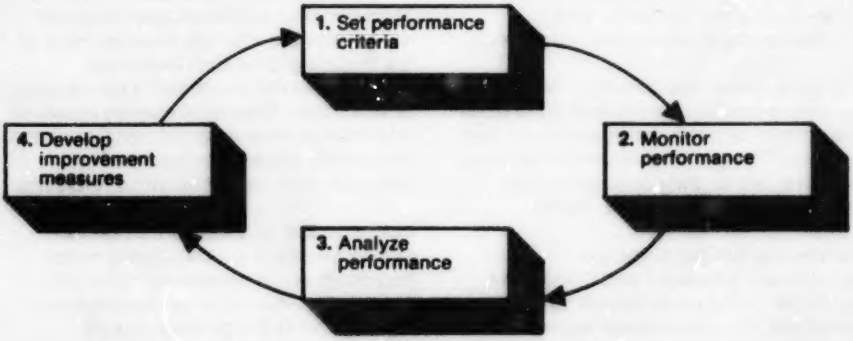
Although the development of performance criteria is a clear management responsibility, it is important that the employees who are to perform the work be involved to the greatest extent possible in this procedure. Their participation is important for a number of reasons:

- to build commitment to the job;
- to ensure that the criteria are meaningful to employees, realistic in their eyes, and clearly understood;
- to obtain employees's ideas on how the job may be best performed;

- to resolve any uncertainties or anticipated problems before the work begins; and
- to demonstrate to employees that their contribution is needed and valued.

All of these considerations affect the employee's motivation to perform well in the job.

Figure 2. **Steps in the Performance Management Process**



The establishment of performance criteria normally involves the following activities:

- specifying the principal activities of the job and considering how they may be carried out;
- specifying in verifiable terms the results to be achieved;
- assigning priorities and establishing time limits;
- identifying the resources required and confirming that they are available;
- assessing how the job may affect other members of the unit;
- verifying that results expected conform to the requirements of the unit's operational or work plan; and
- establishing a time period within which the criteria will be reviewed.

Process Standard:

1. **Managers work with staff to develop performance criteria for each job that must be performed to meet the requirements of the operational or work plan.**

Step Two: Monitoring Performance

The manager initiates the monitoring phase at the earliest possible stage so that the employee's progress can be measured and evaluated. The purpose of monitoring is to determine if work is progressing according to plan and, if it is not, to take appropriate corrective action. It is important to begin monitoring at an early stage in the performance period to provide early feedback and ensure the timeliness of corrective action. The extent of monitoring can range from close supervision to receiving "exception reports", and depends very much on the nature and level of the job and the employee.

Monitoring generally consists of three main activities: information gathering; evaluation; and feedback. For monitoring to be effective, the three activities must be carried out in close sequence. Significant time lapses can diminish the usefulness of information, delay the initiation of corrective action, throw the work off schedule, and undermine the employee's motivation to excel.

The manager's first task is to find out what work has been done and with what results. Next, this information is compared with the results that were expected to be achieved by that stage, according to the performance criteria. The comparison enables the manager to assess the employee's performance to date. The manager then discusses the evaluation with the employee.

If the work is satisfactory or better, the manager should commend the employee for the results achieved and encourage further efforts toward attaining work objectives. If the work is less than satisfactory, the manager should inform the employee of this appraisal and begin to work with the individual to determine the reasons.

Process Standard:

2. **Managers monitor performance against established performance criteria by gathering information, evaluating, and providing feedback to employees.**

Step Three: Analyzing Performance

The monitoring phase leads naturally into analysis of performance. After the manager has determined the level of performance attained by the employee, it is necessary to identify the reasons for this outcome. In the case of employees who are performing below the optimum level, the manager needs to know what factors are interfering with high performance. If performance is already optimum, the manager needs to know what conditions are required to keep it at that level.

A wide variety of factors may impede the achievement of optimum performance. For example:

- performance criteria may be unrealistic;
- the employee may be provided with insufficient resources to do the job well;
- working relationships may be difficult or disruptive;
- events in employee's personal life may interfere with work performance; or
- the employee may not be motivated to perform at a high achievement level.

The manager examines all of the circumstances that may influence performance, first concentrating attention on the work environment. If no impediments are observed in that area, factors that may originate with the employee should be considered. These may include health or personal problems, lack of self-confidence, lack of appropriate skills, or lack of interest in or commitment to the job. Whatever the circumstances, the manager must seek to involve the employee in the investigation of underlying causes. This is particularly important where performance is unsatisfactory.

The employee whose work is below the acceptable standard may be defensive about performance monitoring and analysis. In this circumstance, the manager must try to gain the employee's cooperation in identifying problems and working out solutions. In particular, the manager should avoid a punitive or sharply critical manner in discussing the situation. Instead, emphasis should be placed on the employee's capability to improve performance and on the manager's support of such efforts.

Every manager has a personal style of managing staff. The performance management process stresses the manager's freedom to be flexible and innovative in dealing with particular individuals in particular circumstances. Without restricting this freedom, it should be pointed out that a constructive, confidence-building approach is generally effective in encouraging employees to improve the quality of their work.

Process Standard:

3. **Managers analyze performance, and involve employees in this analysis, to determine reasons for the level of performance achieved.**

Step Four: Developing Improvement Measures

Following analysis of the factors affecting the employee's performance, the manager directs attention to developing ways of improving performance (or, in the case of the optimum performer, maintaining performance at that level). Again, the manager should involve the employee in this step of the process to ensure that the measures are appropriate to the individual's needs.

For employees whose performance is satisfactory but less than optimum, the improvement measures may take the form of:

- additional instructions regarding some aspect of the job;
- special training;
- changes in performance criteria;
- provision of additional resources;
- a shift in delegated responsibilities or adjustment of working relationships; or
- some other modification related to the employee and the job.

Other measures may focus on the manager's role. The manager may for example, adopt a management approach that puts increased emphasis on employee participation in decision making about work, or the manager may improve the quality of feedback on staff performance.

The range of choices is very wide, and managers should be innovative in exploring ways to assist in improving performance to the optimum level.

Process Standard:

4. **Managers, in consultation with staff, develop appropriate improvement measures that will enable employees to achieve and maintain optimum performance.**

Having developed improvement measures, the next step is to review and reset the performance criteria. However, different measures may be called for in the case of employees whose performance is unsatisfactory. Unsatisfactory employee performance may be due to a wide variety of factors, not the least of which may be the management environment. Managers should first look at whether or not a supportive work environment has been fostered which provides every opportunity for employees to achieve optimum or satisfactory performance.

Secondly, if the cause of the employee's poor performance is ill health or personal difficulties, the manager may refer the individual to a suitable source of assistance. If the cause is attitudinal on the employee's part, the manager may have to take disciplinary action, such as issuing a reprimand or imposing some other sanction. Such action should be reserved for those employees who demonstrate that they are unwilling to make the effort to improve their performance. In these circumstances, managers should observe the following procedures:

- Make sure that the employee understands the level of performance expected;
- Discuss with the employee the work that is to be done, the results that are to be obtained, and the measures that will be used to assess this performance;
- Indicate what sanctions may be applied if performance does not improve;
- Monitor the employee's performance to determine whether improvement is occurring; and
- Apply sanctions if performance does not improve.

In managing employees who continue to perform poorly, managers must document all actions taken to encourage and obtain improvement.

Process Standard:

5. Managers take appropriate steps to assist employees whose performance is unsatisfactory in overcoming barriers to improved performance.

Re-setting Performance Criteria

After all the appropriate actions aimed at improving performance have been implemented, the manager and the employee work together in reviewing performance criteria to reflect the expected results of those improvement measures. In this way, the cycle is started again and performance management becomes a continuous process.

Appendix A

Summary of Process Standards

1. Managers work with staff to develop performance criteria for each job that must be performed to meet the requirements of the operational or work plan.

2. Managers monitor performance against established performance criteria by gathering information, evaluating, and providing feedback to employees.

3. Managers analyze performance, and involve employees in this analysis, to determine reasons for the level of performance achieved.

4. Managers, in consultation with staff, develop appropriate improvement measures that will enable employees to achieve and maintain optimum performance.

5. Managers take appropriate steps to assist employees whose performance is unsatisfactory in overcoming barriers to improved performance.

POOR

QUALITY

ORIGINAL